

[REDACTED]  
[REDACTED]  
[REDACTED]  
EIN: [REDACTED] / FFN: [REDACTED]

DEC 21 1981

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(4) of the Internal Revenue Code.

The information submitted shows that you were incorporated on [REDACTED] under the non-profit corporation laws of the State of [REDACTED]. Your purposes are to provide for the maintenance, preservation, and control of the lots and common areas in [REDACTED] and to promote the health, safety, and welfare of the residents of that area.

Your activities consist of maintaining the common areas of [REDACTED], an office park, and contracting with other persons and organizations for common services, and your financial statements indicate that your funds are expended solely for these purposes. You have stated that you derive your funds from membership dues.

Section 501(c) of the Internal Revenue Code of 1954 describes certain organizations exempt from Federal income tax under section 501(a) and reads, in part, as follows:

"(4) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes."

Section 1.501(c)(4)-1 of the Income Tax Regulations provides, in part, as follows:

"(a)(1)(i) An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterments and social improvements."

Rev. Rul. 74-17, 1974-1 C.B.130 holds that an organization formed by property owners to provide for the management, maintenance, and care of the common areas of the project with membership assessments paid by the unit owners does not qualify for exemption.

Also, Rev. Rul. 74-99, 1974-1 C.B.131 provides that to qualify for exemption under section 501(c)(4) of the Code, an association of property owners must serve a "community" which bears a reasonable recognizable relationship to an area ordinarily identified as governmental. Its common areas or facilities must be for the use and enjoyment of the general public.

Since the facts submitted show that your sole activity is the provision of services to manage and maintain the common areas and services for the property owners of an office park, you are not promoting the social welfare of a community. Thus, it is held you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(4) of the Code.

You are required to file Federal income tax returns on Form 1120 for each year that you have been in existence.

If you do not agree with our proposed determination, we recommend that you request a conference with the member of the Regional Director of Appeal Staff. Your request for a conference should include a written appeal signed by an authorized officer giving the facts, law, and any other pertinent information to support your position as explained in the enclosed Publication 892. If you are to be represented by someone who is not one of your authorized officers, he/she will need to file a power of attorney or tax information authorization and be qualified to practice before the Internal Revenue Service as provided in Treasury Department Circular No. 230. The conference may be held at the Regional Office or, if you request, at any mutually convenient District Office.

If we do not hear from you within 30 days, this letter will become our final determination.

Sincerely yours,

**District Director**

Enclosure:  
Publication 892

Copy	Initials	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer